

22 December 1955

MEMORANDUM FOR: The Director

SUBJECT: Resume of Proposed Bill to Amend the CIA Act of 1949

A Bill to amend the CIA Act of 1949 has been prepared for submission to the next session of Congress. It contains eighteen sections and will serve to broaden the authority of the Agency in certain areas where our work has been handicapped by a lack of sufficient legal authority. The reasons for and effect of each of the sections is outlined briefly below.

Section 1. This Section was requested by the Director of Logistics. It serves to provide additional authority for the Agency to negotiate purchases for contracts without advertising in certain circumstances. These authorities are already available to the Armed Forces and this Section merely incorporates the appropriate sections of the Armed Forces Procurement Act of 1947.

Because the Agency must let contracts from time to time for important and novel research and development extending over a relatively long period, this Section authorizes the obligation of funds for such purposes for periods up to five years. Without the authority included in this Section, the Agency is restricted to one year periods in its contracts for research and development.

Other changes included in this Section are of a technical nature, including a change in the definition of "Agency head" to mean the Director and Deputy Director of Central Intelligence and the Deputy Directors of the Agency, in line with current titles.

Section 2. This Section amends the CIA Act by deleting the words "its territories and possessions" from Section 5a. This deletion will enable us to give the same benefits and allowances to employees stationed in territories and possessions, as we are now authorized to give to employees stationed in foreign areas. The distinction in the Act as it now stands has proven to be an inequitable one inasmuch as living costs and living conditions in territories and possessions are often the same or less favorable than in certain foreign areas.

Section 3. This Section will amend Section 5a(1)(D) of the CIA Act in order to allow the Agency to pay storage costs for personal and household effects of employees assigned to posts where they cannot use such effects. At the present time, we can pay such storage costs only when shipment of the effects is prohibited by emergency conditions. This amendment will put our employees in the same position as employees of the Foreign Service and those who will be subject to the proposed Overseas Allowances Act. In certain cases it will result in the saving of shipping costs to the Agency.

Section 4. This Section will permit payment of travel expenses for the dependents of employees stationed abroad when returning to the United States for secondary or college education. The amendment will put our employees in the same position as those in the Foreign Service.

Section 5. This is a technical change requested by the Comptroller which will serve to facilitate the administration of travel accounts. It will allow the Agency to charge travel expenses to the appropriation for the fiscal year in which any part of the travel begins. The State Department has similar authority.

Section 6. This Section is similar to Section 933(a) of the Foreign Service Act and revises the authority in our law to return employees to the United States for leave after two years service abroad. The amendment goes further than the Foreign Service Act in that it allows us to return alien employees who were United States residents at the time of employment. We feel this extension of authority is necessary because of the number of alien employees we must send abroad in order to fulfill our mission.

The amendment also deletes the present requirement of 36 days leave accumulation for home leave travel inasmuch as we are also submitting an amendment authorizing statutory home leave, thus making the accumulation requirement superfluous. (See Section 7 below.)

Section 7. This Section extends to CIA employees the statutory home leave privilege granted to Foreign Service employees in the Annual and Sick Leave Act and proposed for other Government employees in the Garbett Bill (H.R. 3220). This statutory home leave privilege will grant one week of leave for each four months of

service abroad, this leave to be in addition to annual and sick leave now granted, but would be available only at the completion of two or more years service abroad.

Section 8 and 9. It is here proposed to extend to the dependents of Agency employees the rights to travel expenses and medical treatment in connection with illnesses or injuries incurred while stationed abroad. The right to payment of the cost of medical treatment of dependents will be limited to those illnesses or injuries directly related to the duties or duty station of the employee. The purpose of this limitation is to allow payment of the costs of medical treatment for such things as diseases endemic to the area where stationed or for injuries which would not have occurred except for the nature of the employee's duty or location of his station. It will not extend benefits in cases of illnesses or injuries which would have been just as likely to occur in the United States.

Section 10. This amendment is technical in nature. It unless explicit the right to provide physical examinations and inoculations to dependents of Agency employees. Like the Foreign Service, we are presently providing such examinations and inoculations, but the Comptroller General has suggested that it would be preferable if the law explicitly authorized them. The Foreign Service has made the appropriate changes in its Act.

Section 11. This Section extends certain medical benefits to Agency employees who are abroad on temporary duty. At the present time these benefits are available only to those on permanent duty. Inasmuch as the possibility of line-of-duty illness or injury is the same whether on temporary or permanent assignment, it is equitable to provide the same benefits. There is no such distinction in Foreign Service legislation.

Section 12. This Section eliminates incorporation by reference of certain sections of the Foreign Service Act providing various overseas allowances. The Foreign Service Act has been amended from time to time and there is a possibility of further amendment in the proposed Overseas Allowances Act. In view of this, we feel that it is appropriate to set up allowances by law in our own Act. In addition, we have added a subsection giving the Agency basic authority to pay pay differentials. At the present time, this authority is contained in an Act which may be repealed by the proposed Overseas Allowances Act.

Section 13. This will provide an exclusion from gross income for income tax purposes of the various overseas allowances, excepting post differentials. This amendment is necessary inasmuch as the Internal Revenue Code, as presently worded, would not extend to Agency allowances granted under the authority of the CIA Act. The exceptions are the same as those granted to other Government employees by the Internal Revenue Code.

Section 14. This Section authorizes the Agency to pay a death gratuity of \$1,000 to the survivor of an Agency employee immediately upon official notification of death. The need for the gratuity arises from our unusual security requirements. Because of them, we are often unable immediately to supply appropriate Government agencies or private insurance companies with the information which they need in order to pay claims and, consequently, there may be a considerable delay before survivors can receive those benefits to which they are entitled. In such cases, the employee's survivors may undergo inconvenience and hardship only because of the peculiar security requirements of the Agency.

This provision will be easy to administer and based upon experience between 1952 and 1955, will cost the Agency only about \$15,000 per year. Precedent for the payment of death gratuities exists in the Military Services where they have been authorized since 1908.

Section 15. This Section will raise from 15 to 35 the number of retired officers of the Armed Services whom the Agency may employ without regard to statutory limitations on the employment of such officers.

Section 16. This amendment will allow the Agency to advance money for certain payments required by law or custom in foreign countries. At present, such advances are generally prohibited by statute with exceptions for agencies and departments which operate extensively abroad. The inability to make such advances can work a hardship in certain foreign countries.

Section 17. The purpose of this amendment is to grant more liberal retirement benefits to Agency employees in direct proportion to the number of years they have served abroad. It will increase the employee's years of creditable service for retirement by one-half of the time he has served abroad and will decrease the required retirement age by a like amount.

Certain agencies of the Government, notably the Foreign Service and those with investigative employees, have liberal retirement

benefits based upon either foreign service or hazardous duty. It is felt that the Agency can justify similar benefits for its overseas employees for both reasons. The benefits which we propose to grant to our employees are not as liberal as those available to Foreign Service and investigative employees, but we feel they are just in consideration of the type of service for which they are granted.

Section 18. This is a technical change correcting a typographical error in the 1949 Act.

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Office of General Counsel

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